

Date: Fri, 28 Apr 95 14:52:07
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Subject: Open Major Issues - WAIS Transaction

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The following major issues remain open after various discussions today:

PLAN OF REORGANIZATION

1. Government contracts indemnity. After speaking with the F&W government contracts attorney, Miles Gilburne recommends the following approach on the indemnity:

a. \$328,000 repayment amount. Brewster to remain liable for 50% (or 100%) of this amount, for the full statute of limitations period.

b. Civil false claims liability. The government contracts attorney confirmed that these liabilities are imposed for intentional violations only. Brewster to give a rep that there are no intentional false claims, backed up by an uncapped indemnity for the full statute of limitations period.

c. Pete Buzy of Ernst & Young will confirm that this approach is acceptable for pooling purposes on Friday morning.

2. Brewster objects to giving a flat rep that the WAIS business does not infringe any third party intellectual property. He wants to limit it to his knowledge.

NON-COMPETE AGREEMENTS

1. There have been discussions today regarding the non-competes for Brewster and the other WAIS employees. We understand that Bill Dunn will be discussing the open issues in this area with Len Leader.

REGISTRATION RIGHTS AGREEMENT

1. Brewster does not accept AOL's draft proposal (best efforts to register all Brewster shares within 1 year of closing, one demand after 1st anniversary, piggybacks on primary offerings only), and wants to use the approach in the Letter of Intent (guarantee to register \$1M within 1 year regardless of method, and piggybacks on primary and secondary offerings). According to Adam Lehman, Len Leader will accept the LOI approach, if Brewster is required to use every piggyback opportunity given to him in the first year to fulfill the \$1M obligation, and if Brewster is subject to cutback on a subordinate (non-pro-rata) basis.

Harry Boadwee
Fenwick & West